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The United States and Europe: Possible Options for U.S. Policy

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The United States and Europe: Possible Options for U.S. Policy

Summary

The United States and Europe share a long and intertwined history, replete with many ups and downs. The modern transatlantic relationship was forged in the aftermath of World War II to deter the Soviet threat and to promote security and stability in Europe. NATO and the European Union (EU), the latest stage in a process of European integration begun in the 1950s, are the two key pillars upon which the U.S.-European partnership still rests. The U.S. Congress and successive U.S. administrations have supported both organizations as means to nourish democracy, foster reliable military allies, and create strong trading partners.

Despite the changed European security environment since the end of the Cold War and current transatlantic frictions, many observers stress that the security and prosperity of the United States and Europe remain inextricably linked. Both sides of the Atlantic continue to face a common set of challenges — from countering terrorism and weapons proliferation to ensuring the stability of the global financial markets — and have few other comparable partners. The United States and the EU also share the largest trade and investment relationship in the world; annual two-way flows of goods, services, and foreign direct investment exceed \$1.1 trillion, while the total stock of two-way direct investment is over \$1.6 trillion.

Nevertheless, the transatlantic partnership has been fundamentally challenged in recent years as numerous trade and foreign policy conflicts have emerged. The crisis over Iraq is most notable, but the list of disagreements is wide and varied. It includes the Israeli-Palestinian conflict, the EU arms embargo on China, the role of multilateral institutions and the use of force, the U.S. treatment of prisoners in Iraq and at Guantánamo Bay, aircraft subsidies, and trade in genetically-modified food. These disputes have been driven partly by leadership frictions and European perceptions of U.S. unilateralism, and partly by structural issues — different policy preferences for managing threats, the U.S.-European defense capabilities gap, and the EU's political evolution — set in motion by the end of the Cold War and September 11. These factors are also prompting some Americans and Europeans to question whether the two sides of the Atlantic still share the same values and interests, and whether enough commonality remains to make the partnership work.

This report assesses the present state of the U.S.-European relationship and the reasons for current frictions. To stimulate debate and for the purposes of analysis, it also offers a spectrum of possible options for U.S. policymakers in considering the future shape of the political and strategic dimensions of the transatlantic partnership. These selected options should be viewed as illustrative guideposts, however, rather than definitive, exhaustive predictions or stark choices. This report will be updated as needed. For additional information, see CRS Report RL32342, *NATO and the European Union*, by Kristin Archick and Paul Gallis; CRS Report RS21372, *The European Union: Questions and Answers*, by Kristin Archick; CRS Report RS21864, *The NATO Summit at Istanbul, 2004*, by Paul Gallis; and CRS Issue Brief IB10087, *U.S.-European Union Trade Relations: Issues and Policy Challenges*, by Raymond Ahearn.

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The United States and Europe: Possible Options for U.S. Policy

Introduction

The United States and Europe share a long and intertwined history.¹ U.S.-European political, security, and economic relations that today comprise the broad transatlantic relationship have their modern origins in post-World War II efforts to deter the Soviet threat and bring security to Europe. NATO, which was created in 1949, and the European Union (EU), the latest stage in a process of European integration begun officially in 1952, are the two main pillars upon which the transatlantic relationship still rests. NATO was founded upon a shared commitment to protect common values of democracy, individual liberty, and the rule of law; in practice, it sought to do this by providing collective defense against Soviet expansion through a mutual security guarantee for the United States and its European allies. The European integration project was meant to promote peace, political stability, and economic prosperity in Europe by entrenching democratic systems and free markets.

The U.S. Congress and successive U.S. Administrations have strongly supported both NATO and the EU, believing that both organizations have helped foster democracy, reliable military allies, and strong trading partners. The United States also views the Organization for Security and Cooperation in Europe (OSCE) as an important transatlantic forum for promoting democracy and human rights both in Europe and in Europe's wider neighborhood, including Russia, Ukraine, Belarus, and the countries of the Caucasus and Central Asia. The United States and European nations also share membership in other major international organizations such as the World Trade Organization (WTO) and the United Nations.

Since the end of the Cold War, both NATO and the EU have evolved along with Europe's changed strategic landscape. While NATO's collective defense guarantee remains at the core of the alliance, members have also sought to redefine its mission as new security challenges have emerged on Europe's periphery and beyond. At the same time, EU members have moved beyond economic integration and have taken steps toward political integration with decisions to develop a common foreign policy and a defense arm. Both organizations have also enlarged in recent years to encompass many Central and East European states, bringing the number of NATO and EU members to 26 and 25 respectively. The United States was a key proponent of NATO expansion and a firm backer of EU enlargement, viewing these twin efforts

¹ For the purposes of this report, "Europe" is used to encompass European NATO and EU members — both the traditional West European countries and the new Central and East European member states — and the Western Balkan states (Albania, Bosnia-Herzegovina, Croatia, Macedonia, and Serbia-Montenegro) that harbor NATO and EU aspirations.

as serving U.S. interests by consolidating a “Europe whole and free, at peace with itself and with the world.”

Meanwhile, the U.S.-European economic relationship has continued to grow. The United States and the EU share the largest trade and investment relationship in the world. Annual two-way flows of goods, services, and foreign direct investment exceed \$1.1 trillion. The total stock of two-way direct investment is estimated to be over \$1.6 trillion, making this huge investment position perhaps the most significant aspect of the relationship. Although some prominent U.S.-EU trade disputes exist, the vast portion of this bilateral economic relationship is harmonious. Some analysts estimate that trade tensions involve only 1-2% of transatlantic commerce.²

Despite the shared history and close economic ties, the transatlantic partnership has been fundamentally challenged in recent years. The September 11 terrorist attacks on the United States prompted an initial display of transatlantic solidarity, but much of the goodwill has since dissipated as numerous trade and foreign policy disputes have emerged. The crisis over Iraq is most notable, but the list of disagreements is wide and varied. Although Europeans are not monolithic in their views, most states — including those such as the United Kingdom, Spain, Italy, and Poland that supported the U.S. intervention in Iraq — object to at least some elements of U.S. policy on a range of issues, including the Israeli-Palestinian conflict, Iran, the International Criminal Court, the treatment of Al Qaeda prisoners at Guantánamo Bay, missile defense, genetically-modified food, and the U.N. Kyoto Protocol on climate change. The Bush Administration says it will make mending transatlantic relations — in both NATO and the EU — a priority in its second term.

Nevertheless, a debate is reemerging in policymaking and academic circles on the value and purpose of the U.S.-European relationship. While many would argue that much still binds the two sides of the Atlantic, others worry that the relationship is in trouble. Some U.S. critics question the extent to which the European allies share U.S. threat perceptions of the challenges posed by Islamist terrorism or the proliferation of weapons of mass destruction (WMD). Even if the allies agree on the necessity of tackling such problems, U.S. and European tactics are often at odds; European governments remains firmly wedded to managing international crises through multilateral institutions, while the United States views this approach as only one option. The Bush Administration and Members of Congress are also concerned that deficient European military capabilities hinder the allies’ ability to share the security burden with the United States. Others suggest that U.S. actions in the prosecution of the war on terrorism and in Iraq have prompted some to question whether the two sides of the Atlantic still share enough values and interests to make the transatlantic partnership work. This report assesses the present state of the U.S.-European relationship and reasons for current frictions, and provides, for the purpose of analysis, a spectrum of options for U.S. policymakers in considering the future shape of the political and strategic dimensions of the transatlantic partnership.

² See Dan Hamilton and Joseph Quinlan, *Partners in Prosperity: The Changing Geography of the Transatlantic Economy*, Center for Transatlantic Relations, Johns Hopkins University, 2004. Also see, European Commission, “The European Union and the United States: Global Partners, Global Responsibilities,” June 2004.

The Current State of U.S.-European Relations

The Ties that Bind

Historically, U.S.-European relations have experienced numerous ups and downs. During the Cold War, even with the unifying pressure of a common military threat, transatlantic tensions flared from time to time over controversial issues such as Vietnam and the stationing of U.S. ballistic missiles in Europe. Ineffective and tentative international responses to the Balkan conflicts in the early 1990s prompted serious questioning of NATO's role in the post-Cold War era, and of Europe's ability to manage crises on the European continent. Proponents of the alliance have always stressed, however, the underlying solidity of the transatlantic relationship given its basis in common values and shared interests. Thus, conventional wisdom dictates that frictions merely represent disagreements among friends characteristic of U.S.-European "business as usual." Many Europeans acknowledge that criticism of U.S. policies in Iraq and the Middle East has been fierce recently, but claim that they have only felt free to express their views because U.S.-European relations are so close, and honesty is a hallmark of true friendship.

Even without the Soviet threat to unite the two sides of the Atlantic, the United States and its European allies face a common set of challenges — from countering terrorism and WMD proliferation to ensuring the stability of the global financial markets — and have few other comparable partners. Supporters of strong transatlantic ties argue that neither the United States nor Europe can adequately address such diverse concerns alone and that the track record shows that they can accomplish much more in the world when they work together rather than at cross purposes. U.S. and European forces are promoting peace and stability in the Balkans and Afghanistan. U.S. and European law enforcement authorities have sought to intensify police and judicial cooperation since September 11 to root out terrorist cells in Europe and elsewhere. U.S.-European cooperation has also been critical in making the world trading system more open and efficient.

In addition, proponents stress that the trust and habits of political and military cooperation that have developed among the allies, and especially within NATO, over the last 50-plus years are unique in international relations and continue to serve U.S. interests. NATO's organizational structure provides a forum in which differences among allies can be discussed and narrowed. The alliance has also fostered a beneficial "Atlantic loyalty," especially in times of extreme adversity, as evidenced by the invocation of NATO's Article 5 defense guarantee after September 11.³

³ Some suggest, for example, that European countries contributed military support to the U.S.-led 1991 Gulf War not because those forces were essential to the operation's success, but in order to demonstrate alliance solidarity against a common threat; similarly, they contend that the U.S. decision in 1995 to deploy ground troops as part of the NATO peacekeeping force in Bosnia was driven in part by the belief that the United States must stand firmly with its NATO allies. See David C. Gompert, "America as Partner," in David C. Gompert and F. Stephen Larrabee (eds.), *America and Europe: A Partnership for a New Era*, Cambridge University Press, 1997.

As noted above, the United States and the EU share a huge and mutually beneficial economic relationship that is increasingly interdependent. Reports indicate that the transatlantic economy employs 12 to 14 million workers, and that most U.S. and European investments flow to each other rather than to lower-wage developing nations. Europe remains the most important foreign source of global profits for U.S. companies, accounting for over half of U.S. firms' total annual foreign profits. Similarly, the United States is the most important market in terms of earnings for many European multinationals. Between 1990 and 2000, for example, U.S. affiliate income of European companies increased from \$4.4 billion to nearly \$26 billion. Although transatlantic mergers and acquisitions have slowed since the 2001 economic downturn, the boom of the late 1990s has left European firms more engaged in the U.S. economy than ever before.⁴ This economic interdependency, some argue, is a key reason a transatlantic divorce would be impossible.

U.S. and European policymakers are keen to stress that working relations between U.S. and European officials remain close, and have not been impeded by the highly charged political confrontations over issues such as Iraq. Some commentators suggest that without the Soviet threat, European allies feel freer to voice more robustly their own views; European officials suggest that this simply represents the transatlantic alliance's evolution into a more mature, frank, and open relationship. U.S. officials also note that some bumps in the relationship are to be expected as the United States and the European allies slowly chart new territory in grappling with how to address significant challenges outside of Europe. In their view, for the first time since World War II, a Europe is rising that is increasingly concerned with events beyond Europe, in part because EU enlargement and the internal stabilization of the continent are nearly complete. The current difficulties in the transatlantic partnership are thus just "growing pains" in the relationship that need time to be worked out.⁵

U.S.-European Frictions and a Relationship in Flux

Despite the ties that bind, the events of September 11 and the crisis over Iraq have helped spark significant changes in the U.S.-European political and strategic relationship. Some observers argue that the recent U.S.-European frictions are largely driven by personality differences among U.S. and European leaders. Many analysts contend, however, that the underlying causes are deeper and structural, and that September 11 merely kicked into high gear changes that had already been set in motion by the end of the Cold War and the demise of the Soviet Union a decade earlier. Such structural changes include different policy preferences, the U.S.-European defense capabilities gap, and Europe's ongoing but unfinished integration. Others ponder whether U.S. and European interests and values have diverged to such an extent as to call into question whether sufficient commonality still exists to make the broad transatlantic partnership desirable and beneficial for both sides.

Leadership Issues. Numerous observers attribute current transatlantic tensions to European perceptions of the Bush Administration as inclined toward

⁴ Joseph Quinlan, *Drifting Apart or Growing Together? The Primacy of the Transatlantic Economy*, Center for Transatlantic Relations, Johns Hopkins University, 2003.

⁵ Interviews of U.S., European, and EU officials, Summer 2004.

unilateralism and largely uninterested in Europe. It should be noted, however, that such European charges of U.S. unilateralism are not completely new. Many Europeans in the 1990s complained that Congress and the Clinton Administration often acted unilaterally, citing, for example, the defeat of the Comprehensive Test Ban Treaty and U.S. sanctions related to Cuba, Iran, and Libya.

Regardless, European governments from the start of the Bush Administration seized on its rejection of international treaties such as the U.N. Kyoto Protocol and its decision to proceed with missile defense as evidence of a new, broader U.S. unilateralism. They were also extremely wary about the new administration's commitment to Europe, given that officials during the campaign had questioned the need to keep U.S. troops in the Balkans and seemed to place greater emphasis on other regions of the world, such as Asia. The September 2001 terrorist attacks swept such frictions under the rug for a while as European governments, NATO, and the EU condemned the attacks and expressed complete solidarity with the United States. At the same time, the initial U.S. decision to forego using NATO forces, planning, or logistical resources in the war in Afghanistan began stirring European concerns about NATO's relevance to the Bush Administration and U.S. security interests.⁶

In 2002-2003, U.S.-European tensions reemerged on a wide range of trade and foreign policy issues. U.S. moves in the first half of 2002 such as rejecting the International Criminal Court and seeking to exempt U.S. soldiers from its jurisdiction, as well as imposing steel tariffs, reignited European concerns that the Bush Administration was not interested in working with its long-time allies. Perhaps most unsettling for many Europeans was the emergence in early 2002 of a confrontational U.S. policy toward Iraq, which culminated in the U.S.-led decision to go to war against Saddam Hussein in March 2003. Many Europeans perceived the United States as acting with little regard for the views of the international community and without much concern for the need to gain U.N. approval for the use of force. As a result of Europe's own bloody history, European allies place great emphasis on multilateral institutions as a means for managing international crises and legitimizing the use of force. This is as true for the UK and other European countries that ultimately supported the U.S.-led intervention in Iraq as it is for France, Germany, and others that opposed U.S. policy.

By 2004, critics of the Bush Administration began to contend that the U.S. intervention in Iraq and its aftermath were seriously damaging U.S. credibility abroad, including in Europe. The Abu Ghraib prison scandal stunned and dismayed the European allies. Many Europeans viewed the actions of U.S. soldiers at Abu Ghraib as following directly from U.S. policies in the war on terrorism, such as detaining suspected Al Qaeda terrorists at Guantánamo Bay. Some charged that these actions violated human rights and sacrificed the long-term battle for Muslim "hearts and minds." Opinion polls in Europe indicate declining trust in U.S. leadership. One poll found that an average of 58% of Europeans in nine countries believe that strong U.S. leadership in world affairs is undesirable.⁷ And critics assert

⁶ See James Kitfield, "Pox Americana?," *National Journal*, April 6, 2002.

⁷ See Transatlantic Trends 2004 [<http://www.transatlantictrends.org>], a project of the (continued...)

that this loss of trust and credibility has made many European allies even less inclined to shoulder a bigger financial or security role in Iraq.

Some Europeans charge that the Bush Administration's pursuit of its goals in Iraq damaged not only the credibility of the United Nations, but also of NATO. They assert that U.S. pressure in early 2003 to deploy NATO military assets to help Turkey defend itself against a possible attack from Iraq forced an unseemly public confrontation within the alliance. Many Europeans also worry that the Bush Administration is keen to keep Europe weak and divided. They feared that U.S. Secretary of Defense Rumsfeld's statement shortly before the U.S. invasion of Iraq that divided Europe into "old" (countries that opposed the invasion) and "new" (those countries, especially in Central and Eastern Europe, that supported it) signaled an unofficial shift in U.S. policy away from continued support for further European integration. Most European allies, including those included in the "new" category, such as Poland, were critical of Rumsfeld's comments because they object to any division of the continent and support building "a Europe whole and free."

At the same time, many analysts also blame some European leaders, particularly French President Jacques Chirac and German Chancellor Gerhard Schroeder, for contributing to the breakdown in transatlantic relations. Chirac has long espoused the concept of "multipolarity" in international affairs, but some Bush Administration officials have interpreted this concept as a means to thwart U.S. predominance. Many viewed Chirac's opposition to the war in Iraq as an attempt to constrain U.S. power and influence in spite of the threat posed by Saddam Hussein.⁸ Relations between President Bush and Chancellor Schroeder over Iraq soured in September 2002 when Schroeder began condemning U.S. Iraq policy to bolster his re-election campaign. Many observers maintain that both Chirac and Schroeder expressed their opposition to the war in Iraq in an undiplomatic and irresponsible way, without due consideration of the implications for the broader transatlantic partnership. They note that the failure of France and Germany (and Belgium) to clearly and quickly support their fellow NATO ally Turkey as the conflict with Iraq loomed left a damaging impression of allies unwilling to stand together in a time of need, and has caused some in Washington to lose confidence in NATO.⁹

Europeans have welcomed the Bush Administration's efforts in its second term to improve U.S.-European relations and responded positively to the recent European trips in February 2005 by President Bush and Secretary of State Condoleezza Rice. Many believe they have gone a long way toward improving the atmospherics of the relationship, but transatlantic tensions have not disappeared, and resolving differences

⁷ (...continued)

German Marshall Fund of the United States and Compagnia di San Paolo. This survey was conducted in June 2004. Of those countries surveyed, for example, 73% in France, 60% in Germany, 56% in Italy, 47% in Poland, and 37% in the UK viewed U.S. leadership as somewhat or very undesirable.

⁸ For more information, see CRS Report RL32464, *France: Factors Shaping Foreign Policy, and Issues in U.S.-French Relations*, by Paul Gallis.

⁹ Philip H. Gordon, "The Crisis in the Alliance," Iraq Memo #11, The Brookings Institution, February 24, 2003.

will require a sustained political commitment from both sides. Some observers note that President Bush's visit to the EU's institutions while in Brussels in February 2005 and his statement in support of EU integration have helped alleviate some European anxieties stemming from Secretary Rumsfeld's comments about "old" and "new" Europe. Nevertheless, others point out that many Europeans still remain skeptical about the degree to which the Bush Administration views its European allies and friends as full and valued partners.

Structural Drivers. Many analysts argue that the reasons for current U.S.-European frictions are largely structural, stemming from the end of the Cold War and exacerbated by September 11 and its aftermath. In this view, recent tensions are to some degree inevitable, and go beyond individual leaders and their personal styles.

One key structural change often cited relates to alterations in the U.S. security outlook since September 11. Some observers note that diverging U.S.-European threat perceptions are not new, and have been emerging since the end of the Cold War. Throughout the 1990s, U.S. policymakers often complained that Europe was preoccupied with its own internal transformation, and largely blind to the new global threats. However, the September 11 attacks on New York, Washington, and over Pennsylvania, as well as the still unsolved anthrax attacks of October 2001, had a profound effect on America's national psyche, and further widened the gap in U.S.-European threat perceptions and policy preferences for managing those threats.

Many in Europe have been slow to understand that many U.S. actions in the "war" on terrorism are driven by the conclusion that nothing should be left to chance, especially with regard to the possibility of terrorists acquiring WMD. The Bush Administration's promotion of "pre-emptive action" in the face of security threats has been a source of great concern for European allies and partners, especially if undertaken without U.N. authorization. Some claim this is in part because European publics do not feel the same sense of urgency regarding the terrorist threat — even after the March 2004 terrorist bombings in Madrid, Spain — and in part because most European governments continue to view combating terrorism primarily as an issue for law enforcement and "soft power" diplomatic and economic tools. In the post-September 11 world, however, the United States is likely to be much more activist in confronting potential threats and more inclined to view multilateral efforts to tackle such problems as only one option, regardless of who controls the White House. Europeans, for example, took note of Democratic presidential candidate Senator John Kerry's statement at his party's convention in July 2004 that he "would never give any nation or international institution a veto over our national security."¹⁰

U.S. analyst Robert Kagan attributes the difference in U.S. and European approaches to managing threats and using force to a "power problem." In his view, Europe emphasizes multilateral institutions, diplomatic pressure, and foreign aid as the best tools to manage crises because most European countries, with the possible

¹⁰ For the text of Senator John Kerry's speech to the 2004 Democratic National Convention, see [http://www.johnkerry.com/pressroom/speeches/spc_2004_0729.html]. For European reactions, see Richard Bernstein, "Europeans Mostly Rally to Kerry, But With Few Illusions," *New York Times*, August 1, 2004.

exceptions of the UK and France, lack the military capabilities necessary to project and sustain power, especially outside of Europe. Kagan asserts that Europe's military weakness has produced a "European interest in inhabiting a world where strength doesn't matter, where international law and international institutions predominate."¹¹

Most Europeans reject Kagan's thesis, arguing that they are not pacifists, and citing their roles in the 1999 NATO-led war in Kosovo and their presence in Afghanistan. They acknowledge, however, the need to improve their military capabilities in order to better ensure their own security and to enable European forces to continue to operate with U.S. forces. But many experts assert that overall levels of European defense spending remain insufficient, and skeptics say that European promises to spend existing defense resources more wisely have failed to materialize in any substantial way. Thus, the U.S.-European capabilities gap will remain a source of contention in the transatlantic alliance, especially given that U.S. attention for the foreseeable future will likely be focused on threats well beyond Europe. Some assert that Washington will increasingly measure Europe's "value added" in the years ahead by how willing and able the European allies are to help the United States manage the security burden not only within, but also outside of Europe.¹²

Another major structural factor affecting U.S.-European relations is the European Union's ongoing evolution. Since the end of the Cold War, the EU has pursued further integration through both widening and deepening. On May 1, 2004, the EU welcomed 10 new members, mostly from Central and Eastern Europe.¹³ At the same time, EU members over the last decade have taken steps to enhance their economic integration. Twelve EU members have adopted a single European currency, the euro, and the 10 new members are committed to doing so in the future.

Perhaps most important to the future shape of the U.S.-European strategic partnership are EU efforts to build a Common Foreign and Security Policy (CFSP), backed up by an EU defense arm capable of managing a full spectrum of crisis management tasks. These EU initiatives have come further and faster in recent years than many EU skeptics expected, but both remain works in progress. The EU has established new political and defense decision-making bodies, and has succeeded in forging consensus on common policies related to the Balkans, the Middle East peace process, Iran, and Colombia, to name a few. In December 2003, the EU released its first-ever security strategy, which outlines common threats and policy responses. Critics suggest, however, that the EU is still far from speaking with one voice on contentious foreign policy issues, such as Iraq, because of competing national

¹¹ Robert Kagan, "Power and Weakness," *Policy Review*, June-July 2002. Also see Robert Kagan, *Of Paradise and Power*, Alfred A. Knopf Publishers, 2003.

¹² Successive U.S. Administrations and Members of Congress have been pushing the European allies since at least the mid-1990s to look beyond Europe. For example, Congress passed the Kyl amendment to the 1998 protocol amending the North Atlantic treaty to include three new members. The Kyl amendment reflected the view that the allies should support U.S.-led operations distant from Europe to help combat terrorism and WMD proliferation. For more information, see CRS Report RL32342, *NATO and the European Union*, by Kristin Archick and Paul Gallis.

¹³ See CRS Report RS21344, *European Union Enlargement*, by Kristin Archick.

interests, sovereignty concerns, and different foreign policy preferences. They also note that efforts to improve EU military capabilities have lagged behind, and they doubt that current European defense budgets are sufficient to fund all of the EU defense arm's requirements.

Nevertheless, EU efforts to develop CFSP are contributing to current U.S.-European strains. Some see the emergence of an EU "strategic personality" — a specifically European way of interpreting and acting upon perceived threats and foreign policy opportunities that stresses diplomacy and multilateral solutions — as diverging from the U.S. strategic position and outlook, which places greater emphasis on the use of force and decisive action.¹⁴ As the EU's "strategic personality" continues to strengthen, EU member states are increasingly and reflexively assessing major foreign policy decisions from a European perspective, i.e., with an eye toward meeting European strategic goals and establishing a larger role for Europe on the world stage. EU members consult with each other on foreign policy concerns to a greater degree than ever before, and often before consulting with Washington. As a result, Washington does not hold quite the same influence over the European allies as it once did, and EU member states are quicker to challenge U.S. policies with which they do not agree.

Some analysts also suggest that the EU's progress to date on CFSP, plus the several small civilian and military crisis management missions the EU has led in the Balkans and the Congo, have given the organization and its member states a new self-confidence. This is leading to a more vocal Europe, which is more assertive about its right to an equal decision-making role in the alliance. Such demands, however, often frustrate U.S. policymakers, who continue to view Europe's aspirations as outpacing Europe's abilities. As one analyst remarks, "As an unfinished union of states, Europe now stands as a power in the world, which gives it a legitimate voice that America must hear more and more clearly than has been the case to date; but lacking the capabilities required for military action when necessary, it is not, or not yet, the world power that it claims to be, and the price of consultation is not always worth the benefits it brings."¹⁵

Regardless, the EU is likely here to stay as an actor in the foreign policy, security, and defense field. Some contend that a larger, more united, and more confident EU may seek to rival the United States and could weaken the transatlantic link. Others largely dismiss this idea, noting that most EU members do not support developing the EU to counterbalance the United States and continue to view NATO as their ultimate security guarantee. At the same time, a more unified and self-assured EU may reduce U.S. leverage on individual member states, thus complicating U.S. efforts to rally support for its initiatives in NATO or at the United Nations.

Others argue that a Europe able to "speak with one voice" on foreign and security policy may be a more credible and reliable partner for the United States in

¹⁴ See Joanna Spear, "The Emergence of a European Strategic Personality," *Arms Control Today*, November 2003.

¹⁵ Simon Serfaty, "A New Deal in U.S.-EU-NATO Relations," CSIS Initiative for a Renewed Transatlantic Partnership, July 21, 2004.

both maintaining European security and tackling global challenges. During President Bush's February 2005 trip to Brussels, he asserted that "the United States wants the European project to succeed" and that a strong Europe is in U.S. interests.¹⁶ To a large extent, however, the EU's ability to become a stronger security partner for the United States will depend on the degree to which the EU succeeds in improving its defense capabilities and whether the operational and institutional links established between the EU and NATO continue to function smoothly. The EU's assumption of NATO's mission in Bosnia in December 2004 will be an important test of Europe's ability to shoulder a greater degree of the security burden. Moreover, the EU's future evolution as a foreign policy actor will also depend on domestic politics in individual member states and the political parties in power. For example, UK Prime Minister Tony Blair has been instrumental in forging CFSP and the EU's defense arm, but a future, euro-skeptic Conservative-led UK government may attempt to put some brakes on further EU political integration.

Diverging Interests and Values? Common interests and shared values have always been the cornerstone of the transatlantic partnership. In light of the numerous disagreements of recent years, some analysts and policymakers on both sides of the Atlantic increasingly question whether the United States and a more integrated and assertive Europe continue to share the same interests and values. The answer, however, depends in part on how interests and values are defined.

On the broadest level, most analysts agree that the United States and its European allies remain committed to the shared values of democracy, individual liberty, and free market economies. On a policy level, however, whether the United States and the allies share common interests and values varies depending on the specific issue in question. On many important issues, such as countering terrorism and WMD proliferation, promoting Middle East stability, or fostering more open global markets, U.S. and European interests are largely the same, even if tactics or policy preferences diverge. The EU's new security strategy was welcomed by many U.S. officials because it seemed to signal a transatlantic consensus on security threats, even if views on the best means to combat them differed. The EU strategy cited terrorism, weapons proliferation, regional conflicts, failed states, and organized crime as key global threats.

Nevertheless, U.S. interests and values do seem to differ on a range of other issues, including approaches to international legal regimes, environmental standards, social welfare, and genetically-modified food. The priority that most European countries place on social spending, for example, is often cited as a primary reason why European defense budgets remain flat.¹⁷ Many Europeans are increasingly wary of what they view as a widening transatlantic divide over concepts of justice and U.S. tendencies toward retribution rather than rehabilitation. Some struggle to understand the practice of capital punishment in the United States, which they associate with undemocratic and authoritarian societies.

¹⁶ See the transcript of the press conference following the meeting of EU heads of state and government and President Bush, February 22, 2005, available on the EU's website [http://europa.eu.int/comm/press_room/presspacks/us20050222/transcript.pdf].

¹⁷ Bruce Stokes, "More Than an Ocean Separates Us," *National Journal*, April 6, 2002.

A current and key distinction between the two sides of the Atlantic relates to the role of multilateral institutions and the use of force. Some analysts assert that the different U.S. and European perspectives on these issues only represent different policy preferences, thereby suggesting that the positions of the two sides of the Atlantic can be managed by skillful diplomats. Others suggest, however, that the divide is deeper and goes to each side's core beliefs and values. They claim that Europe increasingly views multilateralism not only as a policy preference but as an interest and value to pursue in and of itself because it represents the best way to ensure European peace, security, and prosperity. In contrast, a number of experts assert that the United States harbors a stronger belief in the value of the use of force as a tool for protecting U.S. interests.

As a result, some question whether the diverging views of the United States and Europe on the value of international institutions and the appropriate role of the use of force can be reconciled, and whether the allies can go forward together in tackling global challenges in a cooperative and determined way. Henry Kissinger observes, "The most important event in Europe is the progressive erosion of the nation-state...European diplomats seek to apply their new domestic experience in the international arena. They insist that resorting to military force is legitimate only if sanctioned by the U.N. Security Council.... By contrast, America remains a traditional nation-state, insistent on sovereign freedom of action." He goes on to assert that the EU's resistance to the use of force without U.N. authorization deprives the Atlantic alliance of its "special status" and that "The challenge of Atlantic policy is whether the nations of the alliance can regain a sense of common destiny."¹⁸

Human rights, civil liberty, and rule of law issues related to Guantánamo Bay and Abu Ghraib have also led some Europeans to charge that the United States has lost its moral authority. While some observers argue that such issues do not rise to the level of threatening the broader transatlantic security and economic relationship, others are less sanguine. They believe that these issues are feeding the public perception that the United States and Europe no longer share the same values; in the longer term, they worry that this perception will cause leaders on both sides of the Atlantic to question whether the benefits of the alliance outweigh the constraints it imposes. Many also fear that as such differences proliferate, younger American and European policymakers, farther removed from World War II and the Cold War, will not share the same conviction as previous generations about the need for a close and intertwined political and strategic transatlantic relationship.

Others contend that although Europe may be looking increasingly outward, it does not share U.S. global concerns to the same extent. The EU is primarily focused on its own "neighborhood": the Middle East and North Africa, as well as Russia and the Caucasus. Developments in Asia, however, remain of lesser concern, in large part because Europe, unlike the United States, does not have the same military commitments there. And the rise of China, the stability of the Korean Peninsula, and India-Pakistan relations may increasingly preoccupy Washington.¹⁹

¹⁸ Henry A. Kissinger, "A Global Order in Flux," *Washington Post*, July 9, 2004.

¹⁹ Michael Lind, "The Atlantic Is Becoming Even Wider," *Financial Times*, Aug. 23, 2004.

Some analysts also maintain that Europe remains largely preoccupied with its own internal transformation, and even though European officials claim to recognize the increasing threat posed to European societies by Islamist terrorism or WMD, they still do not perceive the threat to be quite as severe. They believe such notions contributed, for example, to the French and German assessments that Saddam Hussein was a threat that could be managed without resort to the use of force, and extends to some EU members' strategic myopia with respect to Turkey, and their qualms about Turkey's EU aspirations. At the same time, a number of pundits question the U.S. commitment to Europe, especially in light of Bush Administration plans to pull up to a third of U.S. troops out of European bases over the next seven to 10 years. U.S. officials point out, however, that these cuts would be part of a global military repositioning scheme aimed at increasing U.S. military flexibility and rapid response capabilities.

The Future of the Transatlantic Partnership: Possible Options for the United States

The constellation of reasons outlined above for current U.S.-European frictions and a relationship in flux are also driving the emerging debate on the future of the transatlantic partnership. The question arises, however, what forces might transform this theoretical debate into a true policy debate, and prompt serious and sustained U.S. consideration about reorganizing or reinvigorating the transatlantic relationship. Some suggest that it may simply be a natural evolution, following from the structural changes since the end of the Cold War and the events of September 11. Others posit that much will depend on the perspective and vision of leaders on both sides of the Atlantic, and the degree to which they are supported by their respective legislatures and publics in embarking on a new course. The extent to which each side perceives the need for a new course will also likely depend on future events, in particular, if another catastrophic terrorist event occurs. For example, some suggest that a terrorist attack in Europe similar in scale to the 2001 attacks on the United States might prompt a change in European thinking about the use of force and help bridge certain transatlantic gaps. Other pundits, including many critics of the Bush Administration, say a driving force may be the decline in U.S. influence in the world and the growing realization that the United States cannot manage all aspects of all conflicts alone.

For the purpose of analysis, the following five possible options offer different scenarios for the future transatlantic partnership; they focus primarily on the political and strategic dimensions of U.S.-European relations. Despite some trade and economic frictions, it would be nearly impossible and in neither side's interest to actively pursue less robust trade and investment relations. Thus, the options below touch upon the economic aspects of the partnership only to the extent that they have implications for transatlantic trade and investment. Additionally, the options are meant to be illustrative guideposts in considering the future direction of U.S.-European relations, rather than definitive, exhaustive predictions or stark choices. They should be viewed along a spectrum; the future transatlantic relationship, in reality, will likely evolve over time and fall somewhere between any two given options, or combine different elements from more than one scenario.

Although these selected options are presented as choices for the United States, the future shape of the U.S.-European relationship is not solely a U.S. decision. Much will also depend on outside circumstances, European assessments about Europe's new strategic reality and the value of its partnership with the United States, as well as on the EU's evolution and its future ambitions.

Option #1: De-emphasize Europe

This option essentially represents an end to the political and strategic transatlantic alliance as it exists today, although the vast trade and investment relationship would remain intact. Those who support such a political and strategic distancing do not necessarily advocate a return to American isolationism or a strictly unilateralist U.S. path. Rather, they claim that U.S. interests would be best served by concentrating U.S. efforts on developing new strategic partnerships with emerging powers such as Russia, China, and India that may be more capable and better suited to help the United States confront the new global challenges of terrorism, weapons proliferation, and the problems of the greater Middle East. Unlike during the Cold War, Europe is not the central front of such struggles, but currently still constrains the U.S. freedom of action at times. Proponents of this option assert that it would not preclude the United States from working closely with European partners, like the British, whom they view as sharing U.S. goals and who are able to make serious military contributions. NATO may even remain as an organization but would effectively be downgraded into a forum for discussion rather than decision-making.²⁰

Pros. One possible benefit for the United States of this option is that it would free Washington from transatlantic decision-making constraints. This applies both to the broad political level and on the NATO military level. Some analysts suggest, for example, that pressure from the European allies to gain U.N. authorization for the use of force in Iraq needlessly delayed U.S. intervention there in 2003. In addition, many U.S. officials are increasingly frustrated with NATO's cumbersome, often time-consuming decision-making procedures that require consensus, and are viewed by some as an impediment to quick action.²¹ De-emphasizing the European allies as the automatic first partner of choice would also allow the United States more latitude in crafting responses to global trouble spots, and potential partners such as Russia or China may have fewer qualms about the use of military force. Others suggest that a U.S. de-emphasis of Europe may force the European allies to take more responsibility for ensuring their own security and provide the needed impetus for real European defense capability improvements.²²

²⁰ Elements of the description of Option #1 are drawn from: Thomas Donnelly, "Learning To Live Without Europe," American Enterprise Institute, May 2004; and Thomas P.M. Barnett, "Forget Europe. How About These Allies?," *Washington Post*, April 11, 2004.

²¹ Craig Smith, "Debate Over Iraq Raises Fears of a Shrinking Role for NATO," *New York Times*, January 25, 2003.

²² See Christopher Layne, "Death Knell for NATO? The Bush Administration Confronts the European Security and Defense Policy," Policy Analysis No. 394, The Cato Institute, April 4, 2001.

Cons. Skeptics argue that the European allies remain the most feasible partners for the United States in tackling global and regional challenges. The benefits derived from the alliance's institutional architecture and the well-honed habits of political and military cooperation should not be underestimated and cannot necessarily be duplicated elsewhere, especially with countries that do not share the same U.S. commitment to freedom, democracy, human rights, and the rule of law.²³ U.S. alignment with states that are not highly regarded for their respect of human rights may also further erode U.S. credibility in areas of the world, such as the Middle East, where it must be reclaimed in order to fulfill U.S. strategic goals. In addition, it is unclear to what extent countries like Russia or China would be reliable or even receptive partners. And if such countries were receptive, they would most likely expect some concessions in return, which could conflict with other U.S. interests. India, for example, might demand a less robust U.S.-Pakistani relationship, even though the United States views Pakistan as an important ally in combating Al Qaeda.

Furthermore, critics assert that if the United States were to take steps to distance itself politically and strategically from Europe, this could negatively affect the U.S.-European economic relationship in the longer term. Over time, a more distant political relationship could infect the economic partnership with growing distrust, thereby complicating efforts to resolve U.S.-EU trade disputes, or to sustain U.S.-EU cooperation in multilateral trade negotiations. Similarly, some fear this option would also lead to an erosion of close U.S.-European cooperation against terrorism, especially in terms of intelligence-sharing. This option would also likely encourage the EU to develop as a political counterweight to the United States.²⁴

Option #2: Maintain the Status Quo

In this option, the United States would continue to “muddle through” with the European allies and maintain an uneasy, tension-filled partnership. Both sides of the Atlantic would continue to proclaim rhetorically that the U.S.-European partnership is irreplaceable, and decision-making by consensus would remain the norm in NATO. However, disagreements and differences would likely persist.

Pros. By maintaining the essential structures of the Atlantic alliance, this option hedges against future strategic uncertainties, particularly a resurgent Russia, and leaves open the possibility of the alliance eventually evolving into a more useful tool to combat global challenges, thereby relieving the U.S. security burden. Supporters of preserving the status quo point out that despite the current difficulties, the transatlantic partnership continues to function, and produces tangible benefits. For example, NATO has taken over the International Security Assistance Force (ISAF) in Afghanistan, and has been working to extend ISAF beyond Kabul and Kunduz to promote stability and reconstruction in other parts of the country. U.S.-European law enforcement efforts against terrorism have remained robust, despite the tensions over Iraq. And NATO-EU cooperation is enabling the EU to take on a bigger role in ensuring peace and security in the Balkans. Maintaining the status quo

²³ Gompert, *Op. Cit.*

²⁴ Interviews with U.S. and European officials, Spring-Summer 2004; Oxford Analytica Brief, “Iraq Trade Fallout,” March 26, 2003.

would also provide U.S. policymakers time to pursue any changes step-by-step, as well as time to assess the EU's development and the degree to which EU member states are able to bridge the gap between their aspirations and capabilities.²⁵

Cons. Some analysts assert, however, that blindly preserving the status quo will inevitably waste policymakers' time and energy as they seek to manage the constant bickering among the allies. On the U.S. side, this may detract from U.S. efforts to tackle other, more immediate challenges that threaten U.S. interests. New disputes could arise at any time that could further destabilize and erode the relationship. And the effort needed to maintain the status quo may still constrain U.S. policies as leaders try to accommodate the need within the alliance for consensus, or attempt to avoid U.S.-EU policy confrontations.²⁶

Option #3: Coalitions of the Willing

The "coalitions of the willing" concept for the transatlantic alliance has been debated since at least the mid-1990s. The Balkans problem prompted a debate about the use of NATO for so-called "out of area" or "non-Article 5" operations that were not of a collective defense nature. Several observers at the time suggested that decision-making unanimity should not be required for such missions because of the absence of an overwhelming threat in which the demonstration of alliance solidarity was crucial. Since then, some argue that even though the alliance has remained wedded to consensus decision-making, this does not obligate every member state to contribute militarily to a given NATO operation, and therefore, "coalitions of the willing" exist in practice.

The Bush Administration has contended that NATO military actions should mostly be conducted by "coalitions of the willing," which would enable the United States to pursue action with those allies that agree upon the threat and have the means to counter it. Formalizing this option within the alliance may entail changing alliance decision-making procedures and moving away from the consensus decision-making principle.²⁷ More broadly for the transatlantic relationship, a "coalitions of the willing" approach would essentially mean that the United States and its European partners would cooperate where possible and agree to disagree on contentious issues.

Pros. Proponents believe this concept would help minimize transatlantic quarrels and free the United States from European constraints on issues upon which agreement proves elusive. Bitterness would be defused by acknowledging that differences on certain international problems were irreconcilable. Cooperation would proceed on those challenges in which the United States and the Europeans could agree on the threats posed and the best ways to address them. On the NATO decision-making level, this option would allow the United States to avail itself of European assistance from those allies willing and able to provide it, thereby helping

²⁵ Interviews with U.S. and European officials, Summer 2004; Serfaty, *Op. Cit.*

²⁶ Layne, *Op. Cit.*

²⁷ For a more detailed analysis of this point, see CRS Report RS21510, *NATO's Decision-Making Procedure*, by Paul Gallis.

relieve some U.S. security burdens, although not all. Supporters view it as a more realistic and effective option, especially given the U.S.-European military capabilities gap and the lack of significant numbers of rapidly deployable European forces. They claim it might also give individual European partners more freedom of action to join with the United States, and as a result, it may weaken the development of an “EU caucus” — pre-negotiated, common EU positions — within NATO.²⁸

Cons. Skeptics assert that this option on the broader transatlantic partnership level would not produce a coordinated strategy with which to manage the full spectrum of global challenges, and could result in allies working at cross-purposes or feed U.S.-EU rivalry. Furthermore, they claim that this option may be interpreted by European allies as a U.S. attempt to keep Europe weak and divided because the United States would invariably try to sway certain EU member states to its point of view. Some observers assert that this is exactly what happened with the Iraq issue, which split EU member states between those that supported Washington’s approach and those that opposed it, and was one reason why the transatlantic dispute over Iraq was so divisive. In this view, pursuing “coalitions of the willing” could increase rather than decrease transatlantic tensions.²⁹

On the NATO level, U.S. critics and many Europeans believe that this option would essentially signal the end of the alliance’s consensus decision-making approach. This, in turn, would undermine alliance solidarity by weakening the long-held principle that all members have an equal stake in alliance security, and that the sum of the alliance is greater than its parts. In this view, alliance consensus connotes a certain international “legitimization” of a policy, especially if it involves the use of military force. Over the longer term, they worry it could weaken the transatlantic link and decouple North American and European security. In addition, the “coalitions of the willing” approach may not give the European allies sufficient incentives to significantly improve their defense capabilities because they would be reluctant to be viewed as a “toolbox” that the United States uses as it pleases.

Option #4: A Division of Labor

Like the “coalitions of the willing” concept, this option has been the subject of considerable debate on both sides of the Atlantic for some time. This option focuses mostly on the military/security dimensions of the transatlantic relationship. Several variations exist, although most put the NATO-EU relationship at the core of any transatlantic division of labor. Some analysts have proposed a division based largely on geography: the European allies and/or the EU would essentially bear the primary burden for maintaining security within Europe and on its periphery, including in the Balkans, and perhaps for managing small crises in the Maghreb or in Africa;

²⁸ Also see the Prepared Statement of John Hulsman before the House Committee on International Relations, Europe Subcommittee Hearing, “Renewing the Transatlantic Partnership: A View from the United States,” 108th Congress, 1st Session, June 11, 2003; and the Prepared Statement of William Kristol before the Senate Foreign Relations Committee, “NATO Enlargement (#4),” 108th Congress, 1st Session, April 8, 2003.

²⁹ Ronald Asmus, “Rebuilding the Atlantic Alliance,” *Foreign Affairs*, September/October 2003; Henry Chu, “Europe Is Taking a Prewar Hit,” *Los Angeles Times*, February 19, 2003.

meanwhile, the United States would assume responsibility for handling international crises elsewhere in the world, especially in the Persian Gulf and in Asia. In such a geographic division, Europe would most likely desire, and the United States would most likely insist on, joint responsibility within the NATO context for managing crises involving Russia and the Caucasus.

The difficulties in drawing such stark geographic dividing lines, however, have led many to favor instead a functional division. The European allies and/or the EU would concentrate on “lower end” humanitarian assistance, crisis management, and civilian reconstruction tasks, while the United States and perhaps more capable allies such as the UK and France would undertake “higher end” combat activities and peace enforcement operations. Additional permutations of the division of labor approach that combine different geographic and functional elements may also be found in the security literature. For example, one analyst has proposed a construction in which the Europeans prepare to undertake stability operations on their own primarily in or near Europe, but would also develop the capacity to participate in higher-intensity conflicts anywhere in the world with the United States.³⁰

Pros. Supporters argue that a functional division of labor already exists in practice. To a large extent, U.S. forces have been assuming the bulk of higher-end, war-fighting tasks. EU military missions to date have focused on lower-end stability and humanitarian operations. Moreover, the EU is much better equipped, given its full range of political and economic tools, to undertake peacekeeping and reconstruction tasks than is the U.S. military. By acknowledging that the United States and Europe have different strengths, this option would make better use of these comparative advantages in a more coordinated strategy. Proponents claim that this is the most feasible option because it would increase European burden-sharing while lowering unreal U.S. expectations for significant European military capability improvements, especially given the dim prospects for any substantial near-term increases in European defense budgets and the already wide U.S.-European capability gap. Reducing U.S. expectations of EU capabilities, particularly for high-intensity conflicts, might also remove a continuous source of U.S.-European friction. Moreover, this option would preserve the transatlantic partnership. NATO would likely remain intact, serving as a continued symbol of alliance solidarity and also as an “insurance policy” for Europe; NATO could also be used to manage the division of labor between the European allies and/or the EU and the United States.

Cons. Rather than increasing burden-sharing between the two sides of the Atlantic, critics argue that a functional division of labor would institutionalize inequality because American forces would be left with the much more dangerous and difficult military tasks. They worry it would ultimately undermine alliance solidarity

³⁰ See Ralph Thiele, “Projecting European Power: A European View,” in Esther Brimmer (ed.), *The EU’s Search for a Strategic Role*, Center for Transatlantic Relations, Johns Hopkins University, 2002. Elements of the description of Option #4 are also drawn from: Bruno Tertrais, “ESDP and Global Security Challenges: Will There Be a Division of Labor Between Europe and the United States?,” in Brimmer, *Op. Cit.*; and Peter Rudolf, “U.S. Leadership and the Reform of Western Security Institutions: NATO Enlargement and ESDP,” in Bernhard May and Michaela Hoenicke Moore (eds.), *The Uncertain Superpower*, German Council on Foreign Relations, 2003.

as U.S. soldiers were repeatedly put in harm's way, while European forces handled the relatively easier and less conflict-intense tasks associated with peace stabilization and reconstruction. Furthermore, this option would likely do little to encourage the allies to enhance their defense capabilities. If a geographic division of labor were pursued, in which Europe had primary responsibility for maintaining its own security, opponents say this would only serve to reinforce European inwardness and encourage an abdication of European responsibility for global security. Finally, critics assert that a U.S.-European military division of labor, be it geographical or functional, does not provide a coordinated strategy to manage global problems. In their view, it would do little to bridge the political and policy gaps between the two sides of the Atlantic on a range of issues, such as the Middle East peace process or Iran, nor would it adequately address U.S.-European differences over the use of force.

Option #5: A New Bargain

As with the previous two options, devising a new strategic bargain for the transatlantic relationship has been proposed by committed Atlanticists for many years. Initially, such proposals were made as ways to keep the alliance, and especially NATO, "in business" in light of the demise of the Soviet threat. With the reemergence of serious U.S.-European frictions, many variations of this option have been offered recently to help put the relationship on a better footing. Most of these proposals place the NATO-EU relationship at the core of a renegotiated partnership, and advocate a more equal sharing of responsibilities both within and outside of Europe. Other common elements often include a U.S. commitment to a strong and coherent Europe and a European commitment to building the EU as a partner rather than a rival to the United States; a U.S. pledge to give the European allies a larger decision-making role, in exchange for a European pledge to do more to help ensure peace and security beyond Europe's borders; and an increased European understanding that multilateral solutions often require the credible threat of force, in exchange for U.S. recognition of the benefits that multilateralism may bring in terms of helping to "legitimize" U.S. policies internationally.

Politically, for a new bargain to work, advocates believe that new U.S.-European deals, or at least some sort of accommodation, would have to be struck on a host of contentious issues, including, for example: Iraq; the Israeli-Palestinian conflict; efforts to curb radical Islam and transform the broader Middle East; Iran; and the status of a number of international treaties such as the U.N. Kyoto Protocol and the International Criminal Court. Militarily, in order to promote a fuller sharing of tasks and responsibilities, many believe that a new bargain must also include enhanced European defense capabilities, especially for higher-end tasks, and greater U.S. recognition that crisis management and post-conflict reconstruction skills are equally important. One analyst sums up his view of a new transatlantic security deal as one "in which Americans learn to peacekeep and Europeans re-equip to fight."³¹

³¹ This quote is taken from Julian Lindley-French, "The Ties That Bind," *NATO Review*, Autumn 2003. Elements of the description of Option #5 are drawn from various sources, including Philip H. Gordon, "Letter to Europe," *Prospect*, July 2004; Serfaty, *Op. Cit.*; Asmus, *Op. Cit.*; Prepared Statement of Daniel Hamilton before the House Committee on (continued...)

An extremely ambitious “new bargain” could also seek to set up new institutional arrangements for the transatlantic commercial relationship. Some U.S. and European officials might support creating a Transatlantic Free Trade Agreement to both contain trade disputes and bolster U.S.-European political cooperation.

Pros. Supporters assert that this option would help ensure a stronger and deeper transatlantic partnership that would better serve U.S. global political and security interests, and protect ongoing close U.S.-European economic relations. Establishing the parameters of such a new bargain would likely entail a comprehensive U.S.-European strategic dialogue, which would help guarantee greater complementarity, if not commonality, of policies and decrease transatlantic frictions. Proponents believe this option would promote more equitable burden-sharing, encourage the European allies to build more robust military capabilities, and discourage the development of U.S.-EU rivalry. They claim that the European allies would not be required to match U.S. military capabilities exactly — which is viewed as an increasingly impossible task — but the allies need to be able to do more, both on their own and with U.S. forces.

Cons. Critics are skeptical about the realistic prospects for reaching a U.S.-European political agreement on such a new bargain, and about the degree to which it could be implemented in practice. This option would likely require the United States to relinquish some decision-making authority within the alliance; furthermore, it would also probably require certain U.S. compromises on issues of particular importance to Europe, such as climate change or international law, and a U.S. re-commitment to the pursuit of multilateral solutions and international institutions. Some analysts doubt, however, that the United States would be rewarded for such concessions that could constrain U.S. policies and slow decision-making given that, in their view, Europe will remain unable to squeeze more money for defense out of already-strapped European budgets. They also note that the EU may be skeptical that the United States would keep up its side of the bargain, and could view it as a U.S. scheme to keep EU ambitions on a tight leash. Others note that the chances of reaching an accommodation with “Europe” on issues such as Iraq would be complicated because differences still exist within the EU and among European allies.

Assessment of Possible Options

As noted earlier, the options discussed are illustrative guideposts meant to facilitate consideration of the future shape of the transatlantic relationship. Each potential option contains both pitfalls and promises for the United States. However, the bulk of the analysis suggests that maintaining the U.S.-European political and strategic relationship in some form would continue to offer the United States certain tangible benefits and serve to buttress at least some U.S. foreign and economic policies. All of the options, with the possible exception of maintaining the status quo, would require serious and sustained U.S.-European dialogue and consultation;

³¹ (...continued)

International Relations, Europe Subcommittee Hearing, “Renewing the Transatlantic Partnership: A View from the United States,” 108th Congress, 1st Session, June 11, 2003.

this would also be true for “de-emphasizing Europe” in order to insulate the trade and investment relationship from being negatively affected by any political distancing.

The reality of the future shape of the transatlantic relationship may be most likely to surface somewhere between any of the two given options and combine different elements. For example, the multitude of security challenges facing both the United States and Europe argue that neither side can do all, and that there is bound to be some sort of division of labor, especially given current differences in U.S. and European military strengths. At the same time, politics and ambitions on both sides of the Atlantic impede a stark division of labor because neither the United States nor Europe would want to relinquish segments of its security interests to the other.³² Thus, these factors could prompt a new bargain to be reached at the political level — entailing perhaps a statement of U.S.-European solidarity in confronting global and regional challenges, and an elaboration of joint policies to address issues such as Iran or the Middle East peace process — while a division of labor is practiced and managed on a case-by-case basis as the need for a specific mission arises. It is also possible that any given option may evolve over time, or that different options may be possible or suitable depending on the specific issue facing the alliance.

Issues for Congress

U.S.-European security and economic relations represent areas of long-standing congressional interest. Many Members of Congress share the overarching goal of successive Administrations of a “Europe whole and free.” Traditional congressional concerns have focused mostly on the degree to which the European allies are willing and able to share the security burden with the United States. Members of Congress have strongly supported the two most recent rounds of NATO enlargement in 1998 and 2003 as a means to promote European stability and bolster democracy in Central and Eastern Europe; they also welcomed the EU’s enlargement on May 1, 2004. Congress has been actively engaged in the evolving NATO-EU relationship, and has supported EU ambitions to build a defense arm as a way to improve European defense capabilities, provided that the EU project remains tied to NATO. Members of Congress have also encouraged EU efforts to enhance its counterterrorism capabilities and to improve cooperation in the police and judicial fields with the United States since September 11. Issues in the U.S.-EU trade and investment relationship — such as aircraft subsidies, genetically-modified food products, the EU’s Common Agricultural Policy (CAP), e-commerce and data privacy, and harmonizing regulatory and competition policies — also frequently occupy the attention of U.S. lawmakers.

In the aftermath of the transatlantic crisis over Iraq, some Members have also taken an interest in the broader shape of the future transatlantic relationship. Hearings on this issue were held in 2003, 2004, and most recently in February 2005.³³

³² See Tertrais, *Op. Cit.*

³³ See House International Relations Committee, Subcommittee on Europe and Emerging (continued...)

On November 5, 2003, the House passed H.Res.390 (introduced by Representative Doug Bereuter, October 2, 2003) recognizing the continued importance of the transatlantic relationship and reaffirming the need for a continued and meaningful dialogue between the United States and Europe; on May 11, 2004, the House passed H.Res.577 (introduced by Representative Doug Bereuter, March 25, 2004) celebrating the 50th anniversary of U.S.-EU relations and encouraging enhanced U.S.-EU strategic discussions and international cooperation.

In considering any significant reorganization of the transatlantic relationship, ensuring continued and close U.S.-European economic relations and counterterrorism cooperation would likely be two areas of concern for Congress. Members would also likely want assurances that any efforts to enhance the transatlantic partnership, especially those that may entail U.S. political compromises, would result in more robust European military capabilities and a strengthened European commitment to work with the United States to tackle global challenges. Many Members, in any “new bargain” approach, may desire a European recognition that a transatlantic “consensus” provides sufficient “legitimization” and a U.N. mandate should not be a prerequisite for action; Congress would probably resist any efforts to make U.S. soldiers subject to the International Criminal Court’s proceedings.

Members of Congress could play a role in shaping the transatlantic debate over the future of U.S.-European relations through discussions with European counterparts in the existing NATO Parliamentary Assembly, the OSCE Parliamentary Assembly, and the U.S. Congress-European Parliament Transatlantic Legislator’s Dialogue (TLD). On February 9, 2005, Representative Jo Ann Davis introduced H.Res. 77 recognizing the 10th anniversary of the New Transatlantic Agenda, acknowledging the continued importance of the transatlantic partnership, and promoting new initiatives to strengthen the partnership, including by enhancing the dialogue between the U.S. Congress and the European Parliament through the TLD.

In addition, several congressional caucuses focus on bilateral U.S.-European relations and different aspects of the broader transatlantic relationship; examples include the Congressional French Caucus, the Congressional Caucus on Central and Eastern Europe, and the Congressional Caucus on Turkey and Turkish Americans. Members of the U.S. Senate and House of Representatives are also active on the Commission on Security and Cooperation in Europe that monitors and encourages compliance with OSCE political and human rights commitments. Such forums may provide useful opportunities for enhancing transatlantic dialogue on where the U.S.-European relationship stands, in what ways U.S.-European interests coincide or

³³ (...continued)

Threats, “An Overview of Transatlantic Relations Prior to President Bush’s Visit To Europe,” 109th Congress, 1st Session, February 16, 2005; House International Relations Committee, Europe Subcommittee, “Transatlantic Relations: A Post-Summit Assessment,” 108th Congress, 2nd Session, July 15, 2004; also see two companion hearings: House International Relations Committee, Europe Subcommittee, “Renewing the Transatlantic Partnership: A View from the United States,” 108th Congress, 1st Session, June 11, 2003; and House International Relations Committee, Europe Subcommittee, “Renewing the Transatlantic Partnership: A View from Europe,” 108th Congress, 1st Session, June 17, 2003.

diverge, and what direction should be pursued in the future in order to continue to promote security and prosperity on both sides of the Atlantic.

Appendix A:
Membership in NATO and the European Union

| Country | NATO | EU |
|----------------|------|----|
| Austria | | x |
| Belgium | x | x |
| Bulgaria | x | |
| Canada | x | |
| Cyprus | | x |
| Czech Republic | x | x |
| Denmark | x | x |
| Estonia | x | x |
| Finland | | x |
| France | x | x |
| Germany | x | x |
| Greece | x | x |
| Hungary | x | x |
| Iceland | x | |
| Ireland | | x |
| Italy | x | x |
| Latvia | x | x |
| Lithuania | x | x |
| Luxembourg | x | x |
| Malta | | x |
| Netherlands | x | x |
| Norway | x | |
| Poland | x | x |
| Portugal | x | x |
| Romania | x | |
| Slovakia | x | x |
| Slovenia | x | x |
| Spain | x | x |
| Sweden | | x |
| Turkey | x | |
| United Kingdom | x | x |
| United States | x | |

Appendix B: Spectrum of Possible Options for U.S. Policy Toward Europe

| De-emphasize Europe | Status quo | Coalitions of the Willing | Division of Labor | New Bargain |
|---|---|--|---|---|
| <ul style="list-style-type: none"> →End to the strategic transatlantic alliance as we know it →Build strategic partnerships with rising powers to tackle new global challenges | <ul style="list-style-type: none"> →Continue to “muddle through” →Maintain uneasy relations | <ul style="list-style-type: none"> →Cooperate where possible, agree to disagree where not →Within NATO, may entail a change in alliance decision-making, away from consensus | <ul style="list-style-type: none"> →Make use of comparative advantages in the military/security sphere →NATO-EU relations at core →Geographic/functional variations | <ul style="list-style-type: none"> →Renegotiated political and strategic relationship →Alliance essentially “goes global” →Full sharing of tasks and decision-making responsibilities →NATO-EU at core |
| <p>Pros:</p> <ul style="list-style-type: none"> + Frees US from alliance decision-making constraints + Some rising powers may have fewer qualms about using force + May promote better EU defense capabilities | <p>Pros:</p> <ul style="list-style-type: none"> + Hedges against future uncertainties + Protects areas of ongoing cooperation + Provides time to consider future options and to assess the EU’s development | <p>Pros:</p> <ul style="list-style-type: none"> + Minimizes quarrels and frees U.S. action on issues on which do not agree + Helps manage some crises, but not all + Could weaken the development of an “EU caucus” within NATO | <p>Pros:</p> <ul style="list-style-type: none"> + Makes greater use of current European capabilities, especially in peacekeeping and reconstruction tasks + Increases burden-sharing + Lowers unrealistic expectations | <p>Pros:</p> <ul style="list-style-type: none"> + Promotes complementary policies because would entail comprehensive dialogue + Encourages more equitable burden-sharing and enhanced EU defense capabilities + Discourages U.S.-EU rivalry |
| <p>Cons:</p> <ul style="list-style-type: none"> - Trust/credibility/ human rights issues - Unclear whether rising powers reliable or receptive; and if receptive, would likely expect concessions - Could negatively affect economic relations - Encourages EU to develop as rival to U.S. | <p>Cons:</p> <ul style="list-style-type: none"> - Constant bickering wastes policymakers’ time and energy - New disputes could further erode relations - Could still constrain U.S. policies | <p>Cons:</p> <ul style="list-style-type: none"> - No broad or fully coordinated strategy to manage global challenges; may lead to allies working at cross purposes - Undermines alliance solidarity and threatens to weaken relations in the longer term - May not encourage Europeans to improve their defense capabilities | <p>Cons:</p> <ul style="list-style-type: none"> - Burden-sharing inequalities remain - Does not encourage Europeans to significantly improve their military capabilities - Undermines alliance solidarity and threatens to weaken relations in the longer term - Does little to bridge broader political/policy gaps | <p>Cons:</p> <ul style="list-style-type: none"> - U.S. must relinquish some decision-making authority; could also slow decisions - Unclear to what degree Europeans can realistically improve their capabilities given flat defense budgets - Unclear whether European political will exists to reach accommodation on contentious issues, such as Iraq |